



FEDERAL ELECTION COMMISSION
Washington, DC 20463

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MAR 12 2015

RE: MUR 6923
(formerly 14L-38)
Democratic Executive Committee
of Florida and Judy Mount in her
official capacity as treasurer

Dear Mr. Reiff:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission ("the Commission") became aware of information suggesting that your clients, the Democratic Executive Committee of Florida and Judy Mount in her official capacity as treasurer (the "Committee"), may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On December 1, 2014, the Commission notified the Committee that it was being referred to the Commission's Office of the General Counsel for possible enforcement action under 52 U.S.C. § 30109. On March 3, 2015, the Commission found reason to believe that the Committee violated 52 U.S.C. § 30104(b) (formerly 2 U.S.C. § 434(b)), a provision of the Act. Enclosed is the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

In order to expedite the resolution of this matter, the Commission has authorized the Office of the General Counsel to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a determination by the Commission as to whether there is probable cause to believe that the Committee violated the Act. Pre-probable cause conciliation is not mandated by the Act or the Commission's regulations, but is a voluntary step in the enforcement process that the Commission is offering to the Committee as a way to resolve this matter at an early stage.

Enclosures
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Democratic Executive Committee of Florida and
Judy Mount in her official capacity as treasurer

MUR 6923

I. INTRODUCTION

This matter was generated based on information ascertained by the Federal Election Commission (the "Commission") in the normal course of carrying out its supervisory responsibilities, *see* 52 U.S.C. § 30109(a)(2) (formerly 2 U.S.C. § 437g(a)(2)). The Reports Analysis Division ("RAD") referred the Democratic Executive Committee of Florida and Judy Mount in her official capacity as treasurer (the "Committee") to the Office of General Counsel ("OGC") for failing to disclose receipts and disbursements on its disclosure reports. In response, the Committee acknowledges the violations but requests that the Commission consider various mitigating factors and either dismiss the matter or refer it to the Alternative Dispute Resolution Office ("ADRO"). *See* Committee Resp. at 2, 4. Based on the available information, the Commission has determined to open a matter under review ("MUR") and find reason to believe that the Committee violated 52 U.S.C. § 30104(b) (formerly 2 U.S.C. § 434(b)) by failing to accurately disclose receipts and disbursements.

II. FACTS

The Committee is a state party committee of the Democratic Party.¹ The Committee timely filed each of the reports, but as shown in the chart below, the Committee filed amendments to each of these reports disclosing additional receipts and disbursements totaling \$1,267,671.12.

¹ See Amended Statement of Organization filed on October 9, 2014, available at <http://docquery.fec.gov/pdf/142/14960034/142/14960034.142.pdf>.

Report	Dates of Amendment ²	Total Amount of Increased Receipts	Total Amount of Increased Disbursements	Total Increased Activity
2010 August Monthly	9/21/2011	\$25,000	\$280,000	\$305,000
2010 September Monthly	9/21/2011	\$20,000	\$20,000	\$40,000
2010 October Monthly	9/22/2011	N/A	\$161,070.53	\$161,070.53
2010 12 Day Pre-General	9/22/2011	\$23,705	\$195,488.48	\$219,193.48
2010 30 Day Post-General	11/10/2011	\$191,970.63	\$291,279.31	\$483,249.94
2011 March Monthly	10/18/2011	\$12,500	N/A	\$12,500
2011 April Monthly	2/12/2012	N/A	\$13,423.92	\$13,423.92
2011 June Monthly	2/10/2012	\$17,353.12	N/A	\$17,353.12
2011 July Monthly	4/27/2012	N/A	\$15,880.13	\$15,880.13
	TOTAL	\$290,528.75	\$977,142.37	\$1,267,671.12

RAD sent Requests for Additional Information ("RFAs") to the Committee regarding all of the nine reports asking about a variety of issues, including the substantial increases in reported receipts or disbursements on these reports. *See* Referral at 2-13. In response to RFAs, the Committee filed Miscellaneous Text Submissions ("FEC Form 99"), or, in the case of the RFAs for the 2011 June Monthly and 2011 July Monthly Reports, it attached a memo text to its amended reports. These Form 99s and memo texts, among other things, included the statement that "corrections were made to the committee's reports based upon a comprehensive internal audit undertaken by the committee." *See* Referral at 1-2. The Form 99 responding to the RFAI on the 2010 12-Day Pre-General Report also noted that the increased activity related to a \$75,000 wire transfer that had bounced back and was resent, and to additional disbursements of money orders and gas cards to canvassers. *Id.* at 4. Similarly, the Form 99 responding to the

² The Committee filed multiple amendments to the 2010 August Monthly, 2010 September Monthly, 2010 October Monthly, 2010 12-Day Pre-General, 2010 30-Day Post-General, 2011 March Monthly, 2011 April Monthly, 2011 June Monthly, and 2011 July Monthly Reports. The dates in the chart are the dates of the last amendments. The interim amendments are discussed fully in the Referral.

RFAI on the 2010 30-Day Post-General Report also noted additional disbursements were related to money orders and gas cards for canvassers. *Id.* at 5.

RAD referred the Committee to OGC for disclosing a total of \$290,528.75 in additional receipts and \$977,142.37 in additional disbursements during the 2012 election cycle in the nine reports, which equals \$1,267,671.12 in transactions that had not been reported timely on the original reports. OGC then notified the Committee of the referral.

In response, the Committee asserts during the 2010 election cycle, it experienced an unprecedented volume of activity, as its 2010 Year-End Report disclosed total receipts of \$6,774,722.01 and total disbursements of \$7,135,673.60, and in calendar year 2011, it reported more than \$4 million in financial activity. Resp. at 2. Additionally, the Committee asserts that it sponsored a large get-out-the-vote program in the fall of 2010 using hundreds of field staffers, but it was unprepared for the volume of activity the program generated. *Id.* The Committee asserts that it disclosed the voluminous financial activity within the short time frame allowed on pre- and post-election reports "to the best of its ability." *Id.* Still, the Committee decided to audit its reports, and it retained a forensic accounting expert to review all of its financial activity and file amended reports. *Id.* The Committee also asserts that it now has sufficient resources to properly track and report activities, including staff dedicated solely to compliance, and it retains outside compliance and legal assistance to ensure activities are properly and fully disclosed. *Id.* Moreover, the Committee asserts that a large share of the unreported receipts relate to internal party transfers and not from individual contributions to the party, and the unreported disbursements are largely confined to the 2010 pre- and post-general reports resulting from the unprecedented get-out-the-vote program. *Id.* Finally, the Committee asserts that it voluntarily

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amended the reports, and given that most of the violations expire under the statute of limitations in the next year, the Commission should dismiss the matter or refer it to the ADRO. *Id.* at 3.

III. LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended (the "Act") requires committee treasurers to file reports of receipts and disbursements in accordance with the provisions of 52 U.S.C. § 30104 (formerly 2 U.S.C. § 434). *See* 52 U.S.C. § 30104(a)(1) (formerly 2 U.S.C. § 434(a)(1)); 11 C.F.R. § 104.1(a). These reports must include, *inter alia*, the total amount of receipts and disbursements, including the appropriate itemizations, where required. 52 U.S.C. § 30104(b) (formerly 2 U.S.C. § 434(b)); 11 C.F.R. § 104.3.

Here, the Committee did not comply with the Act's reporting requirements when it failed to disclose \$290,528.75 in receipts and \$977,142.37 in disbursements on the original nine reports. Furthermore, some of the Committee's reporting omissions occurred on two election-sensitive reports, the 2010 October Monthly Report and the 2010 12-Day Pre-General Report.³

Therefore, the Commission has determined to find reason to believe that the Committee violated 52 U.S.C. § 30104(b) (formerly 2 U.S.C. § 434(b)).

³ Pursuant to 11 C.F.R. § 111.43(d)(1), election-sensitive reports include monthly reports due October 20th before the general election, and pre-election reports for primary, general, and special elections. 11 C.F.R. § 111.43(d)(1).